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Corporate Contributions Outlook, 1984

by Anne Klepper and others

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THE CONFERENCE BOARD'S 1984 CORPORATE CONTRIBUTIONS OUTLOOK PANEL

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Corporate Contributions Outlook, 1984

Corporate contributions increased nearly tenfold during the last three decades—from $343 million in 1951 to just under $3 billion by 1982. Contributions moved up and down with corporate pretax income—except in the early 1980's when, in three successive years of falling income, corporate contributions continued to climb.[1] This poses several questions: Will contributions resume their lockstep with profits, or is a new pattern emerging? If there is a new pattern, what are its underlying characteristics?

To help explore these basic questions, The Conference Board assembled a 14-person panel to examine the future of corporate contributions.[2] Most of the panelists were senior personnel from "leading edge" companies in contributions, companies that have established a track record of outstanding programs and sound practice in this field. Other panelists were specialists in other fields, (e.g., economics, public relations) selected to bring expert analyses to the meeting. Attention was directed to the message from the crystal ball, not to the nuts and bolts of managing corporate contributions programs.

The overall message was clear: The corporate contributions function has come of age. No longer viewed as an odd, somewhat peripheral corporate activity, corporate contributions have grown in value and effectiveness and are seen as addressing complex issues that impinge directly on the business environment. The function is being institutionalized in the corporate structure, and increasingly, is being integrated into the corporate strategic plan. Multimillion-dollar contributions programs require detailed planning, focused programs, stated and agreed-upon priorities, and sound budgeting. At present, these programs are managed by a cadre of executives, most of whom have been seasoned in other parts of the corporate structure.

Panelists agree that increased attention is being directed to programs at the community level—not at the expense of national programs in place at corporate headquarters but as an additional area of prime activity. The panel views community-needs assessment as a useful tool for corporations planning to target their giving. In addition to contributions, varied corporate resources (such as personnel, purchasing, product, printing, loans, space, facilities, etc.) are being tapped as a means of extending the company's social reach.

No more than a decade ago, corporations preferred to maintain the lowest of low profiles: They virtually went underground regarding their contributions and allied social-assistance activities. Now, they have made a 180-degree turn. All communications media are being used to reach a variety of audiences—employees, shareholders, community leaders, donees and national opinion leaders.

What factors have led to the maturation of the social-assistance function, and how will these factors interact in the days ahead? The panelists addressed the several facets of this question.

A.N. SCALLON
Director, Corporate Support Programs
IBM Corporation
Armonk, New York

A.N. Scallon, who opened the session, observed:

> "The very fact that we are taking the time to consider the future is indicative of the professionalization that is taking place in what was formerly a rather 'ad hoc' business activity.
>
> "I, personally, believe there are two basic tenets in the field of corporate contributions. First, we must be sure that any contribution we make is in our corporate interest, or how can we justify it? Second, we must assure that the corporate interest overlaps both the interest of the recipient institution and the public interest.
>
> "Also, we should not just consider IRS-defined charitable contributions. We should tally everything that falls under the umbrella—cash, loaned personnel, product and equipment. In the beginning, it may take a lot of work to gather this information on a companywide basis, but it will pay off.
>
> "I think we have to view international contributions as a new frontier. Overseas, our corporate-responsibility objectives are much the same as in the United States—to be a good citizen of every country in which we do business—and, generally, to enhance our reputation. We can send a message to the host countries about corporate responsibility and enlightened business behavior of U.S. corporations. It can help the American corporation become less of an outsider."

[1] Corporate pretax income dropped from $235 billion in 1980 to $174 billion in 1982. Corporate contributions climbed from $2.4 billion to just short of $3 billion in that period. Kathryn Troy, *Annual Survey of Corporate Contributions, 1984 Edition.* The Conference Board, Report No. 848, 1984.

[2] See page 2 for titles and corporate affiliations of the panelists.

Evolution of a Function

The "keynoter," Waldemar A. Nielsen, was "very bullish" about the future for corporate philanthropy, not just in terms of increased scale but also in terms of the effectiveness of such aid. Prior to 1969, he saw philanthropy as "sluggish, smug, with little interaction and serious discussion of professional problems. It was a little group of people wrapped in mythology and self-righteousness." Some panelists believe the Patman hearings, and the subsequent Tax Reform Act of 1969, shocked them out of such attitudes—completely and forever. (See box below.)

WALDEMAR A. NIELSEN
Waldemar A. Nielsen Incorporated
New York, New York

Now, research is being conducted on foundations and the whole nonprofit sector, complex issues are being addressed, and lively discussions take place in many settings. And the corporate contributions function is at the forefront of these developments. Said Nielsen:

> "Today, you are the most dynamic part of philanthropy. By nature, I'm a melancholy Scandinavian, but not here. Philanthropy is just at the beginning of its most creative period."

Changing the Foundations

In the early 1960's, Texas Congressman Wright Patman, Chairman of the Select Committee on Small Business, launched a series of hearings on foundation practices.[1] At these hearings (and in subsequent reports), certain financial abuses and structural faults were identified for some foundations. These involved close ties among foundations, donor families, and associated companies; the use of foundation assets to control corporations; and minuscule grant programs. Patman's work was a major factor in the passage of the Tax Reform Act of 1969, which contained many detailed provisions regulating foundations, including mandated payout levels, restrictions on self-dealing, and requirements for disposition of excess business holdings.

[1]Hearings before the House Subcommittee, Select Committee on Small Business, 1964, 1966, 1967, 1968. Tax Reform Act of 1969, December 30, 1969.

Strengthening the Institutional Structure of Corporate Contributions

(1) Educate and involve directors and committee members in the problems that corporate philanthropy has to address. Bring in leading, interesting people to talk about problems like housing or youth employment—topics of real relevance. Maintain an educational activity at all times.

(2) Add an outside director of real stature to the foundation board [or contributions committee] if one is not already there. This will have a powerful effect in broadening and enriching the discussions.

(3) Create a group of officers to screen proposals for the board or contributions committee. Get senior-status people who understand what the function is and what it is doing. This will build a base of understanding and support for the program throughout the company. This is the finest experience a corporation can provide to equip senior executives to deal with the external world.

(4) Encourage employee gift matching to democratize corporate charitable contributions. Passing out corporate dollars purely at the discretion of a tiny group of senior officers is no longer going to be accepted. A rough but useful giving formula might be one-third by district managers, one-third by senior officers at headquarters, and one-third by employee-driven programs [such as matching gifts, and grants to organizations that employees serve as volunteers].

(5) Collaborate with other foundations and corporations in addressing large and complex problems. Some of the problems are very intimidating, such as health-care costs, employment of minority youth, and safety of nuclear reactors. We do not want to see government as the single source addressing these problems. We are coming alive intellectually in the field of philanthropy.

Source: Excerpted from remarks by Waldemar A. Nielsen at The Conference Board's 1984 Workshop on "The Future of Corporate Contributions."

However, there are certain structural problems that corporate-contributions executives must deal with, and the institutional structure of the function must be developed and strengthened. Nielsen made several recommendations to improve the institutional structure of a corporate contributions program. (See box above.) Among his suggestions, Nielsen's most controversial observation was that one-third of corporate giving be done through employee-driven programs. The corporate world is strongly divided on this issue. Some maintain that the future trend is toward greater employee participation in all aspects of corporate life and that matching gifts, employee volunteer-service grants, and similar programs represent a democratization of the contributions function. Others point out with equal conviction that such programs have resulted in skewed budgets, support of questionable institutions, cases of fraud, and a sharp reduction in dollars available for pressing human needs. In fact, Conference Board information shows that major companies (where matching-gift programs have exceeded the 30 percent mark) have now taken measures to cap such expenditures.

The Economic Outlook

The state of the economy is obviously a major concern and prime influence in corporate contributions. But there are other influences as well. As asked earlier, what accounted for the early 1980's profile of falling income and rising contributions?

The stabilizing influence of company foundations was one factor. For three successive years, (1980, 1981, 1982), company foundations paid out more than they received in grants from their parent corporations. By 1982, company foundations gave away 45 percent more than they received.[3] This is a situation that, obviously, cannot long continue. Virtually no company foundations are able to live off investment income. Unless company foundations receive annual or intermittent (every second, third or fourth year) infusions of funds from their corporations, their resources will soon be exhausted.

ALBERT E. DePRINCE, JR.
Senior Vice President and
Chief Economist
Marine Midland Bank
New York, New York

Fortunately, 1983 was a year of recovery and both company foundations and direct-giving programs were able to look forward to increased dollar resources. Moreover, the future economic outlook is seen as bright. Albert DePrince brought the panelists a good-news economic forecast and saw slim chance of a doomsday scenario. He predicted that the massive federal budget deficit would be addressed, and that the "new sense of urgency" in Washington would bring reductions in the deficit of $100-$150 billion in the next two years.

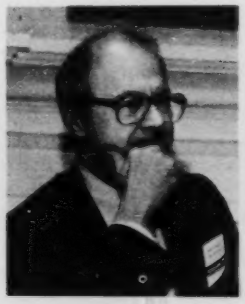
Dr. DePrince sketched the following scenario:

> "The last year itself has been quite surprising. We are now in the 15th month of business expansion, a business expansion that was totally unanticipated in its strength. At the federal level, a restrictive monetary policy and stimulative fiscal policy neutralized each other, and a normal cycle unfolded. That is the prospect for 1984 and 1985. In 1983, GNP rose 6.1 percent, hardly different from the typical post-World War II recovery. This year, GNP should go up 4½-5 percent, with a 3½ percent rise in 1985, and stalemate in 1986. Inflation should be about 8 percent in 1986, higher than the 4 percent in 1983 and the core rate of 5½ to 6 percent.
>
> "There are serious challenges to all firms. First, companies will guard their expenses to insure corporate survival. There will be continued cost control and cost cutting. Second, there are the gargantuan federal deficits, for which the perception is probably more important than the fact. What could suddenly go wrong to give us a doomsday scenario? If interest rates zoomed, if there were an economic or financial crisis, if the financial markets telescoped their actions, there could be a stampede.
>
> "But the mood in Washington shows a new sense of urgency to do something about the deficit. The numbers are sufficiently gigantic to have set in place a certain fear. I think we are at the first stage of a $100 to $150 billion cut in the federal deficit in the next two years (40 percent through tax increases, 60 percent through spending cuts—of which 65 percent might be in defense."

[3]In 1982, company foundations participating in The Conference Board's Annual Survey paid out $532 million, but received only $367 million from their parent companies. Troy, 1984.

The Institutionalization of the Contributions Function

A second major stabilizing factor in the corporate contributions picture has been the institutionalization of the function. It has "jumped out of the CEO's hip pocket" into the body of the corporation. Greater acceptance by senior management, greater emphasis on planning, and greater application of management techniques to contributions programs have marked this gradual and continuing transition.



RONALD F. GILRAIN
Vice President, Public Affairs
The Stanley Works
New Britain, Connecticut

Board public-policy committees and parallel management committees have played a significant role in this process. Ronald F. Gilrain described the evolution at his company, a change in which the altered committee structures reflected the overall shifts in corporate governance.

> "Community service is not new to the Stanley Works. We've been involved in community affairs for 141 years, and each time we planted our foot in a new location we have continued that same feeling of responsibility and good corporate citizenship. In earlier times, it was easier to be a good corporate citizen because the officers and board members were mostly residents of New Britain, Connecticut, our company's headquarters. They understood the community's needs and acted to meet these needs as private citizens and as company officers. Twenty years ago, fourteen of our fifteen corporate directors were Connecticut

residents and ten were from New Britain. We had a hometown board of directors in an international business. Today, of fourteen directors, seven are from Connecticut and only one—our CEO and Chairman—is from New Britain.

"We recognized that we needed a more formal process for contributions and services. There was a separate evolution of both our board and management committees. In 1970, we had a corporate contributions committee of the Board. In 1980, this became a board public-policy committee whose members were our chairman and four outside directors. Its scope was expanded to include: contributions, community relations, environmental quality, EEO, occupational safety and health, employee rights, consumer relations, and government relations. I serve as the management liaison to the Public Policy Committee, and work with the Chairman (one of the outside directors) to develop the agenda, prepare position papers and action plans, and make a presentation to the full board every 12 to 18 months.

"The management committee parallels the board committee. In 1970, a Public Affairs Advisory Panel (now called Council) was set up. It was democratized, and now has a membership of 20 employees drawn from all levels from clerks to professionals selected because of their interest in community affairs.

"The Board's Public Policy Committee has suggested plans and the Public Affairs Advisory Council (which now also has local councils) has implemented them. The board committee set goals for giving, and the management committee drew the plan that increased giving from 0.48 percent of worldwide pretax income in 1979 to 0.96 percent worldwide in 1983. We plan to go to 1 percent of worldwide pretax income in 1985, and to 1½ percent in 1987."

In moving down the road to institutionalization, each company passes familiar signposts (planning, program focus, etc.), but the time-tables are different and singularities of approach are evident. Top-management interest has been formalized in committee structures, but its involvement may also have been diluted.

Two of the panelists provided corporate chapter and verse on the institutionalization process in their firms. James C. Schwaninger described the course at J.C. Penney:

"If we look way back at the history of corporate involvement in society's affairs, we see that the chief executive officer, who was often the sole owner or senior member of the family that owned the business, made all charitable decisions. It was part of the style of management that didn't have room for committee or staff decisions. The boss was the boss was the boss.

"Then, companies became bigger, publicly owned, more geographically diverse, and infinitely more complex. So the function was delegated—to the treasurer or secretary, personnel director, advertising manager, or public-relations officer. CEO's were active only if the request jibed with their personal interests or came directly from another CEO. In time, committees were formed to pass judgment on contributions requests. Day-to-day management was delegated to a staff person. That is pretty much where we are today.

"This process may—or may not—mean that the function has been pushed down in the corporate structure. Corporate power can be measured in three dimensions: money controlled, people involved, and closeness to the highest level of management."

JAMES C. SCHWANINGER
Manager of Corporate Responsibility
and Community Relations
J.C. Penney Company
New York, New York

Other panelists pointed out that varying perceptions of the importance of the contributions function can lead to different methods of staffing. Who are the people currently in the contributions function, what is their future career path? Mr. Schwaninger responded:

"One—male senior managers who are probably in their last assignment before retirement. Sometimes the company is giving them a chance to 'deflate' a bit.

"Two—a former nonmanagement person being rewarded for years of dedicated service. This person, who is almost always female, is moved into a job that may have been institutionalized by a male manager who has been given another assignment. She may be smart as a whip, but she may have never managed a function like this before.

"Three—the outsider, from the education, government or another nonprofit field. The outsider was brought *inside* because of a special knowledge of the philosophies and practices of philanthropy. If the outsider is going to interface with established insiders, he or she has to make learning the business the first priority.

"Four—the fast trackers—men and women on the way up. They may have been moved diagonally into the function as a chance to broaden their experience and prepare them for greater things. They will make their mark in contributions, then be promoted to a higher position in that department or moved to another area of the company.

"In the future, I don't think gender will make a difference—the *person* will. The future of the corporate contributions function lies with the *abilities* of the people who fill it. The function can be fully formalized as a normal, historical, important part of the corporation only if the people who do the job find the ways to make it so."

A significant corporate reorganization can have a major impact on staffing. The break-up of the Bell System has been reflected in the realignment of the contributions function, and in the formation of the $100-million AT&T foundation. Edward M. Block said:

"Corporations, like people, need a trauma to get moving. When we broke up the Bell System, that necessitated rethinking our approach to corporate contributions along with everything else. Total Bell-System contributions were

$60 million, and the lion's share was given by the Bell companies to meet local and regional needs. AT&T and the other national units of the system focused on national causes. The local telephone company was the 'Steady Eddie' friend of the community.

"Why did we set up a foundation? First, to reduce expenses. Second, to take full advantage of the tax code. Third, to insure a steady source of funding in the lean years. Fourth, to upgrade the management of philanthropy. It required more than just a change in style. It required a change in substance. So we looked outside of our business for a professional with the credentials and experience to run such a foundation.

"You can't turn the QE-2 around in a bathtub. And we can't turn our philanthropy around immediatcly. In time, the change will be profound. AT&T's focus is global now, not solely domestic. We are no longer a public utility. We are selling applications of electronic technology; our objective is rapid innovation, our environment is very risky. What will we do differently in philanthropy? We intend to get greater recognition for what the corporation does. We are going to be more selective in grants, take more risks, seek a higher profile. We are going to attune our philanthropy to the corporation's business objectives, tied much more tightly to our communications and marketing strategies.

EDWARD M. BLOCK
Senior Vice President, Public Relations
American Telephone and Telegraph Company
New York, New York

"Time, competency and a whole bunch of luck will determine whether we are able to do anything with this magnificent foundation. Professional management is essential to institutional accountability. There should be purposeful direction for 85 percent of our giving. Once you get past the $5-million mark, you better stop running your contributions out of your hip pocket and get serious about managing it."

The Corporation in the Community

Another element in the new pattern of corporate giving is the focus on the community. But which community, one may ask? Certainly, the panelists say, the communities in which companies have plant and branch locations—as well as the communities in which their employees live. And often this extends to large urban communities in which the company may have a presence, and in which the problems are of major scope and in urgent need of attention. There is some shifting of the spotlight from the relative serenity of headquarters to the sprawling community scene. This is partly because headquarters programs have attained a level of sophistication, partly because changing government-funding patterns call for more community action, partly because local needs demand corporate attention.

SAMUEL M. CONVISSOR
Staff Vice President,
Corporate Relations
RCA Corporation
Princeton, New Jersey

Samuel Convissor has spent more than two decades in such work, and outlined the concerns:

"What were once relatively easy and often insignificant responsibilities, the community-relations and corporate-philanthropic functions, are now important pieces of the company's public-affairs or employee-relations activity. In some instances, with the exception of press relations (news releases regarding products and business or financial news), the community-relations and contributions programs represent the total external-relations activity of the company.

"Why is all this new today? First, there is more public-policy and citizen-directed activity influencing the decisions of the private sector. Whether it is environmental problems, plant-closing legislation, growing costs of unemployment-compensation claims, right-to-know legislation, zoning problems, traffic, or other quality-of-life issues, the community-relations function can serve as an early-warning system of corporate problems ahead and, certainly, as an antenna to pick up important community issues.

"We see some clear signs of the importance of this new corporate work. The spate of publications, articles, speeches, conferences; the formation of new foundations—all are evidence of the new focus. Finally, there is the recognition of the problem-solving role of this sector in the important areas of health care, housing, economic development, education, and other community improvement issues. People working in this field are generalists and they understand the seamless web that ties and holds communities together."

Assessing Community Needs

Community-needs assessment has become an important tool for the corporation desiring to target its aid activities and to have an impact on defined key areas. How it is done and how areas of major opportunity are identified and addressed was a concern of the panelists. Chad J. Bardone set out one model that Sun Exploration and Production

CHAD J. BARDONE
Vice President, Public Affairs
Sun Exploration and Production Company
Dallas, Texas

Company used in Dallas when it moved from a decentralized to a centralized operation.

"The 1980 census data showed a drastic departure from 1970. The black population was growing three times as fast as the population as a whole; the Hispanic population was growing nine times faster than the community as a whole. The projections showed the affluent were going to get better and better off, the low income groups would get worse and worse off.

"We did not see enough of a relationship between what we were doing in contributions and public affairs and what was happening in the community. At the recommendation of the corporate office, we hired a consultant—Human Resources Network of Philadelphia—in the Fall of 1982, to do a three-month needs assessment of the key problems of the community, as seen through the eyes of the community. We wanted an unbiased assessment. We wanted the consultant to pick out areas of community need where we could truly make a difference.

"The results gave our company a better handle on structuring our community-relations program. The 58-page report covered 21 major areas, and was broken into two parts—background information and opportunities for corporate partnership with about three options per area. We got a smorgasbord of about 60 new ideas.

"Two critical needs emerged: developing minority leadership in Dallas, and assisting the independent school district. We now look at charitable contributions requests in light of the community-needs assessment. A couple of quick examples. There is a new group on Hispanic leadership development to which we gave a grant and put an executive on the board. A similar thing has happened with a black group. We would not have done this kind of thing two years ago because the risk would have seemed too great. This process has taken us from a traditional program to addressing more critical needs. It allows us to feel right about taking some of these risks."

Public Pre-College Education

Public secondary and elementary education is this year's hot issue. The panelists report that this is not a new need, but a new focus of attention. Ten major public reports on the problems of kindergarten through twelfth-grade public education were issued in the last year. One bank's program and one city and state's problems were vividly described by Tim Kilduff of Boston's Bank of New England.

"We at the Bank of New England needed to assess business perceptions of public education. Basically, they fell into three areas: First, business judges the current product emerging from the schools to be inadequate. This involves the issue of standards and testing. Second, the future will demand higher skills for entry-level jobs, and that translates into the issue of curriculum. Third, public education has to do a better job in developing allies. Public-education lobbies are extremely complicated, and business finds that education groups spend most of their time talking to themselves. We must build coalitions.

TIMOTHY W. KILDUFF
Vice President, Public Affairs
Bank of New England
Boston, Massachusetts

"Here are some of the things business is looking for.

- Efficiency in the form of less rigid tenure rules.
- More freedom to discipline or dismiss ineffective teachers, principals and other administrators.
- A system that requires teachers to upgrade their skills is absolutely critical. There are some contributions opportunities in that area, too.
- Teacher testing and student testing. When you get into teacher licensing, it is a political quagmire.
- Curriculum reforms—I think we all agree on this need.

I think we have to come out for incentive pay for teachers who are willing to upgrade their skills (not all of them are), and for teachers to teach teachers."

The Bank of New England participated in the political arena through involvement in a six-month study sponsored by the Massachusetts State Legislature in cooperation with the Governor. During this study, the bank arranged for CEO testimony at public education hearings. The Bank also worked with the Massachusetts Business Roundtable Task Force on Education to assure a broad public debate. Mr. Kilduff developed a comprehensive resource file and an extensive bibliography that were circulated through the legislature. The Bank also funded an objective analysis of educational problems that sets forth the pros and cons on the important issues.[4]

[4] *Issues in Education: An Examination*, developed by the School of Education, University of Massachusetts, 1984.

Mr. Kilduff says of the future:

> "Colleges and universities are going to be all over, proposing to do training programs for teachers and have the business community pay for it. Economic-development groups will be pushing programs in adult literacy, and will expect business to fund them. We have to be more honest with each other and share more information. It is a frustrating area to be involved in. Before you jump in with both feet, do that homework, assess the environment in which this issue is being debated, understand the players, and determine for yourself what your objectives are going to be and how you are going to play in the game."

Use of Multiple Corporate Resources

Addressing community needs requires the application of multiple corporate resources in order to extend effectively the corporation's social reach. Again, the panelists concluded that an overall plan is essential, but noted this does not preclude incremental approaches on a case-by-case basis. The Metropolitan Life Insurance Company has identified nine corporate resources. Anne Impellizzeri described this involvement:

> "We have used four *economic* resources: insurance products and services, investments, hiring practices, and purchasing. We have also used four *public-service* resources: time and talent of company people (from the CEO through management and technical assistance to employee volunteers); in-kind services (such as printing, computer time, and meeting space); support for public policy (such as the Job Training Partnership Act); and, of course, financial contributions. A ninth resource, which can amplify all the others, is communications including the press and electronic media, publications, employee communications, and advertising.
>
> "We have applied multiple resources in our work with the New York City Partnership in the Summer Jobs program. Nationally and in communities across the country we have worked with chambers of commerce, private industry councils (PIC's) opportunities industrialization centers (OIC's) the Urban League, SER-Jobs for Progress, and many others.
>
> "What have we learned? First, the direction of the future is more focus: externally on selected public interest priorities, internally on company business objectives.
>
> "Second, we serve the public best when we also serve the company.
>
> "Third, there is strength in genuine partnerships where all parties have a stake in the outcome.
>
> "Fourth, we can often achieve much by working with our peers in other functions in the company.
>
> "And, fifth, while it is desirable to have a comprehensive policy and plan, we can often do much on a case-by-case incremental basis."

ANNE E. IMPELLIZZERI
Vice President, Corporate
Social Responsibility
Metropolitan Life Insurance Company
New York, New York

Communicating the Corporate Program

As already noted, there was a time when corporate contributions never saw the light of day. Such life in the darkness was standard practice until the urban riots of the late 1960's gripped the country's attention. A few of the more adventurous corporations broke the silence and decided to tell the world what they were doing. Looking back, the panelists recall there were no shattering consequences to such disclosures, no massive protests, no overwhelming commendations. What happened was simply a gradual disclosure, a gradual acceptance, and increased communication and dialogue with all concerned audiences.

RICHARD F. NEBLETT
Manager-Contributions Coordination
Exxon Corporation
New York, New York

Richard Neblett, summed up the new stance by quoting Exxon's Chairman C.C. Garvin, Jr.:

> "Businessmen should focus on philanthropic activities just as we focus on regular business activities when we are really determined to get things done. We have a splendid—perhaps a unique—opportunity in the next few years to demonstrate anew that the economic system we believe in can work, and work well, in the public interest."
>
> Said Neblett: "The key thought in that paragraph is *the public interest*. It then follows that if contributions activities are in the public interest, why should they be kept secret? This is a logical inconsistency. Not only should corporations conduct contributions programs—and this belief is certainly the current consensus of business leadership—but they should communicate about them."

Planning A Communications Program

Panelists believe that more attention must be paid to planning a comprehensive communications program. But, what should it say? To whom should it be addressed? How should that communication be made? What will it cost?

CLIVE J. WRIGHT
Senior Advisor, Public Affairs
Department
Exxon Corporation
New York, New York

Exxon's Communications Program

Exxon has a three-tier model for its corporate-responsibility program, and the communications needs for each tier are different. The first tier covers those activities that a company takes in direct pursuit of its business. In Exxon's case, this means providing energy as efficiently as possible and making sure our products meet the right standards of quality. The communications are straightforward and directly promote business goals.

The second tier relates to the activities that derive directly from the pursuit of our business—for example, protection of the environment, hiring of minorities, and so on. In this tier, communications are in support of business goals and would generally take the form of demonstrating that society can be confident that these business goals are not being pursued at the expense of society's legitimate concerns.

The third tier consists of those activities that are undertaken voluntarily in line with how Exxon perceives its community and cultural responsibilities toward the preservation of a viable society in which to live, work and do business.

Source: Excerpted from remarks by Clive J. Wright at The Conference Board's 1984 Workshop on "The Future of Corporate Contributions."

How can we measure its effectiveness? Some panelists had difficulty assessing these questions, and Clive Wright admitted that "contributions 'goals' are not so easy to spell out and measure." But concerted effort should be made and "individual judgments should be buttressed by hard data wherever possible"—opinion research, continuous omnibus surveys, focus groups, and specific program evaluations. For example, the focus groups conducted for Exxon last year revealed that "socially and politically active people were keenly interested in what we were doing—*but at the local level*. That was very valuable to us and we are acting on that research." Wright described the process that Exxon uses to frame its communications program. (See box.)

> He noted that: "At Exxon, we contribute some $53 million a year, more than half of which goes to education; but we also support the arts, public broadcasting, and a wide number of civic and community causes. Each contributions program will have an identified goal. From that point of departure, we can make an analysis of our communications plan."

Accurate identification of the target is always important:

> "Exxon is concerned primarily with specialist audiences rather than general public interest. Employees are a vital target audience, a very valuable and much underestimated communications vehicle. Other specialist audiences we are going to be thinking about in our communications plans are recipients of contributions—beneficiaries such as arts audiences or students—special interest groups such as environmentalists or local residents. Through a 'trickle-down' effect, these audiences act as communicators about what we are doing."

> Wright concluded on two notes of caution. "First, avoid the appearance of being self-serving. Second: Don't place too high a premium on receiving measurable results on achieving desired general goals. There is a lot of clutter in the world that makes it difficult to isolate our communications from other influences."

Robert Schneider pioneered communications at Xerox. "Not too many years ago we were all underground, and the contributions function begged for organization. The change took place abruptly in the mid-to-late 1960's—the post-riot period. Now, there is a high degree of visibility and acceptance by the public. In this completely open environment, with whom should we communicate?" Schneider's list of the audiences that Xerox wants to reach in its communications program appears in the box on page 11.

Another question is: "What vehicles do we use?" Schneider mentioned several:

> "The 'Great Big Glossy'—the Social Responsibility Report. This is an all-embracing vehicle, and we've done several. The dullest part is a long internal contributions listing, and I question whether it has a place in this kind of report. I try to make them project-oriented; to breathe life into them; to personalize them to the greatest extent possible.
>
> "Our senior managers comment on social and philanthropic activity in their speeches. It is important to engage management in communicating this aspect of corporate life.

ROBERT M. SCHNEIDER
Vice President, Public Affairs
Xerox Corporation
Stamford, Connecticut

Xerox's Target Audiences

(1) The nonprofit world: We must tell them what we are about, what our goals and objectives are. "This is what we want. Here are proposals we will—or will not—entertain." We need to lay out clearly the format in which we want to receive proposals. We should explain the decision-making process of the corporation.

(2) The shareholders: Some companies tend to overestimate their interest. We have had no more than half a dozen critical comments over the years, and half of those were from "annual meeting gadflies." Most shareholders are highly favorably disposed to corporate contributions. We use three vehicles—the annual report, the quarterly report, and the post-annual meeting report.

(3) Top management: We must keep them aware of the philanthropic program, usually through meetings. We report to the board of directors once a year, and they show great interest, particularly outside directors.

(4) The employees: We are a communications company, never satisfied with what we do. We flood the employees with information, and perhaps at times give them much more than is really necessary. But we do want to improve employee pride in the corporation. Employees who are aware of the good works the corporation is doing, particularly in the community, and nationally as well, become a corps of goodwill ambassadors. We have run into trouble in only one instance during a period of manpower reduction. Then we received letters from employees asking: "How can you give money away when you are laying off part of the work force?" This is very difficult to answer, but we always have institutional responsibilities and we are going to meet them in good times and bad. The philanthropic program is one such responsibility.

(5) Special interest groups that have a particular interest in the contributions program.

Source: Excerpted from remarks by Robert M. Schneider at The Conference Board's 1984 Workshop on "The Future of Corporate Contributions."

"Customers are critically important. We reach them through our salesmen and service people. Our market research reveals that when products and pricing are about the same, secondary considerations become part of the buying decision. The character of the corporation then comes into play.

"Communication is a vitally important part of the philanthropic effort. Unless it is done with care, with a plan, with specific objectives, and with a certain sense of humility, it will be viewed as pure promotion."

Panelist Gerald Horton addressed another facet of the communications problem, stating: "There is a political cast to what we do that began to develop in the late 1960's. We need the public trust to be allowed to do our business. There is some kind of contract out there between the private corporation and the world at large."

Horton challenged the profession, declaring: "If you don't want to talk about a program, don't do it. But when you do it, be honest—do it in a forthright manner."

GERALD T. HORTON
Chairman
Ogilvy and Mather
Public Relations Group
New York, New York

"In the 1960's, a constituency developed for corporate social action. The whole philosophical premise of business was being redefined by a group of activists who heretofore had not been an influence on business.

"The old definition said make a good product, sell it at a fair price, and return an adequate amount to your shareholders. Then new voices began to be heard. One said: 'While not polluting the environment.' Another one said: 'While hiring blacks.' The next said: 'While hiring Asians.' And handicapped folks. While doing it in a safe place. While not doing it in my backyard. While doing it with some sense of responsibility to the elderly. And that agenda continued to grow.

"What business wanted was the public's trust, and we truly need to get something out of these programs. Be very clear that you are self-serving; accept that fact.

"If it is a political battle, and I suggest it is, remember that nobody in a political race ever did anything without telling anybody. We must communicate better, both to the outside world and our own people. You're not the conscience of the company—you're the front-line foot soldier."

The Outlook

In summation, new patterns are developing in corporate contributions. The profiles vary from company to company, but the basic outlines are now in place. "Leading edge" corporations have planned and staffed sophisticated programs are reaching out to "their" communities across the land (and sometimes overseas), are more willing to tackle the tough issues, and to talk out loud about their firms' successes—and the also-rans as well. Such programs may become models to be emulated and adapted by other companies—large and small—that have less focused contributions activities.

As the contributions function becomes more institutionalized, more firmly embedded in the corporate structure, there will be less need to keep shouting: "We're here, we're here." But institutionalization and formalized structure also have their side effects. The movement from a CEO staff location to a more routine program can mean diluted power and influence as well as lower-level staffing. Gender implications also trail in the wake of these

evolutions, and in all but the largest companies the function is increasingly female.

Opportunities abound. As Waldemar Nielsen observed: "We are coming alive intellectually" and can address large and complex problems. Again, the leading corporations are aggressively attempting to do so; but many companies are mired in routine "tried and true" elements of a contributions program. In contributions, as in other functions, change means risk—and chance of failure, sometimes a forfeited job.

Corporate cost cutting and cost control will prevail in the 1980's, in good times and bad. This means for the foreseeable future, leaner staffs and fatter workloads for contributions managers.

The panelists observe that corporate contributions has "come a long way"—but there is still a long journey ahead. Its organizational position has become stronger and program results are more identifiable (if not precisely measurable). Heightened presence in the community will enhance the role of contributions activities.

The state of the economy will continue to be the dominant factor in corporate giving, and budget adjustments are likely to track those made for other non-profit-making functions in the company. The corporate contributions function will have to prove itself, will have to show it is getting a significant return for the firm's investment. As it does so, the function will increasingly become part of corporate America.

Early Findings from The Conference Board's Annual Survey of Corporate Contributions

by Linda Cardillo Platzer

The tables that follow[1] are derived from information obtained from The Conference Board's latest contributions survey, in which 503 companies reported on their 1983 contributions activities. This study is an ongoing part of The Conference Board's examination of corporate contributions practices and is conducted on an annual basis.

Data from the Internal Revenue Service and the Council for Financial Aid to Education for 1980-82 indicated significant increases in corporate contributions budgets. As previously noted, this occurred in the face of declining corporate profits as announced by the U.S. Department of Commerce in the same time period. However, in 1983, while U.S. corporations reported a nearly 23 percent increase in profits over 1982, the charitable contributions of those corporations advanced at a rate of slightly over 7 percent (See Table 1).

The 503 companies participating in The Board's survey contributed a total of $1.4 billion, or 46%, of the estimated $3 billion given by all U.S. corporations. Corporate foundations continued—for the fourth year in a row—to make contributions well in excess of the grants they received from their corporations. But in 1983—although still large—the gap between money paid out by those foundations and that taken in began to close. In 1982, corporate foundations gave 45 percent more than they received, while in 1983, they gave 27 percent more.

Although total contributions grew only modestly during 1983, corporations do appear to be making significant changes in how they distribute their contributions dollars among the five major categories of recipients. For example, contributions to civic and community activities jumped to 14.8 percent of the total—after having stabilized for three straight years at 11.7 percent. The proportion given to health and human service beneficiaries has declined from 34 percent in 1980 to 28.7 percent in 1983 and giving to education, as a percent of the total, declined slightly to 39 percent from its four-year high of 40.7 percent in 1982. Contributions to culture and arts remained steady at 11.4 percent of the total, and donations to "other" beneficiaries increased moderately, now representing 6.1 percent of all contributions.

An important factor first noted in last year's survey is again seen in the 1983 survey data. Noncash contributions—mainly gifts of company products and other property such as equipment, land and buildings—continue to play an important role in corporate charitable giving, now accounting for 11 percent of the total reported by participating companies.

[1]Except for Table 1, Corporate Contributions and Corporate Income Before and After Taxes.

Table 1: Corporate Contributions and Corporate Income Before and After Taxes[1]

Year	Contributions: Amount ($ Millions)	Income[3] before Taxes ($ Millions)	As Percent of Income before Taxes	Income[3] after Taxes ($ Millions)	As Percent of Income after Taxes
1936	$ 30	$ 7,900	0.38%	$ 4,900	0.61%
1937	33	7,900	0.42	5,300	0.62
1938	27	4,100	0.65	2,900	0.93
1939	31	7,200	0.43	5,700	0.54
1940	38	10,000	0.38	7,200	0.53
1941	58	17,900	0.32	10,300	0.56
1942	98	21,700	0.45	10,300	0.95
1943	159	25,300	0.63	11,200	1.42
1944	234	24,200	0.97	11,300	2.07
1945	266	19,800	1.34	9,100	2.92
1946	214	24,800	0.86	15,700	1.36
1947	241	31,800	0.76	20,500	1.18
1948	239	35,600	0.67	23,200	1.03
1949	223	29,200	0.76	19,000	1.17
1950	252	42,900	0.59	25,000	1.01
1951	343	44,500	0.77	21,900	1.57
1952	399	39,600	1.01	20,200	1.98
1953	495	41,200	1.20	20,900	2.37
1954	314	38,700	0.81	21,100	1.49
1955	415	49,200	0.84	27,200	1.53
1956	418	49,600	0.84	27,600	1.51
1957	419	48,100	0.87	26,700	1.57
1958	395	41,900	0.94	22,900	1.72
1959	482	52,600	0.92	28,900	1.67
1960	482	49,800	0.97	27,100	1.78
1961	512	49,700	1.03	26,900	1.90
1962	595	55,000	1.08	31,100	1.91
1963	657	59,600	1.10	33,400	1.97
1964	729	66,500	1.10	38,500	1.89
1965	785	77,200	1.02	46,300	1.70
1966	805	83,000	0.97	49,400	1.63
1967	830	79,700	1.04	47,200	1.76
1968	1,005	88,500	1.13	49,400	2.03
1969	1,055	86,700	1.22	47,200	2.24
1970	797	75,400	1.06	41,300	1.93
1971	865	86,600	1.00	49,000	1.76
1972	1,009	100,600	1.00	58,900	1.71
1973	1,174	125,600	0.93	76,600	1.53
1974	1,200	136,700	0.88	85,100	1.41
1975	1,202	132,100	0.91	81,500	1.47
1976	1,487	166,300	0.89	102,500	1.45
1977	1,791	194,700	0.92	122,000	1.47
1978	2,084	229,100	0.91	145,900	1.43
1979	2,289	252,700	0.91	165,100	1.39
1980	2,359	234,600	1.01	149,800	1.57
1981	2,514	221,200	1.14	140,000	1.80
1982	2,800(est.)[2]	165,500	1.69	104,800	2.67
1983	$3,000(est.)[2]	$203,200	1.48	$127,400	2.35

[1]Reflects total consolidated corporate income before and after taxes.

[2]From Council for Financial Aid to Education.

[3]The net income figures on this table have been adjusted to coincide with recently updated data issued by the Department of Commerce. Thus, some of the figures in the income columns, and the ratios based upon them, will differ slightly from those published here previously.

Note: Figures in this table reflect contributions and income of *all* U.S. corporations. Figures in all other tables in this report are based solely on responses by survey participants.

Sources: Department of Commerce, Internal Revenue Service.

Table 2: Distribution of Corporate Contributions
(millions of dollars)

	1983 471 companies		1982 534 companies		1981 788 companies	
Health and Human Services	$ 367.6	28.7%	$ 397.3	31.0%	$ 393.4	33.6%
Education	498.8	39.0	522.2	40.7	429.8	36.7
Culture and Art	145.2	11.4	145.8	11.4	139.6	11.9
Civic and Community Activities	188.8	14.8	149.3	11.7	136.7	11.7
Other	78.0	6.1	67.0	5.2	71.3	6.1
Total	$1,278.4	100.0%	$1,281.6	100.0%	$1,170.8	100.0%

Table 3: Structure of Corporate Contributions
(millions of dollars)

	1983	1982	1981
Total company contributions	$1,250.7 (484)	$1,116.8 (519)	$1,039.1 (768)
Less: Grants to company foundations	435.7 (159)	367.1 (186)	361.6 (239)
Other company contributions	815.0 (461)	749.7 (494)	677.5 (735)
Plus: Contributions by company foundations	553.0 (270)	531.9 (286)	493.3 (359)
Total corporate contributions	1,368.0 (503)	1,281.6 (534)	1,170.8 (789)

(Numbers in parentheses are counts of non-zero answers.)

Table 4: Relationship of Foundation Payouts to Pay-ins
(millions of dollars)

	1983		1982		1981	
	Amount	Number of Companies	Amount	Number of Companies	Amount	Number of Companies
Grants to company foundations	$435.7	159	$367.1	186	$361.6	239
Contributions by company foundations	553.0	270	531.9	286	493.3	359
Payouts less pay-ins	117.3	111	164.8	100	131.7	120
Percent payouts exceeded pay-ins	26.92%	69.81%	44.89%	53.76%	36.42%	50.21%

Table 5: Summary of Charitable Contributions Expenditures
(millions of dollars)

	Company Foundation		Direct Giving Program		Total	
Description	Sum	Percent	Sum	Percent	Sum	Percent
Cash	$509.14 (239)	99.87	$599.95 (402)	81.19	$1,109.09 (446)	88.82
Securities	0.05 (1)	0.01	4.60 (12)	0.62	4.64 (13)	0.37
Company Product	0.00 (0)	0.00	74.61 (79)	10.10	74.61 (79)	5.97
Property other than product	0.63 (2)	0.12	59.76 (83)	8.09	60.39 (85)	4.84
Total	509.82 (239)	100.00	738.92 (406)	100.00	1,248.73 (447)	100.00

(Numbers in parentheses are counts of non-zero answers.)

Table 6: Corporate Contributions, Two Survey Years
304 Companies Reporting Worldwide Pretax Net Income in Both Years

	1983 (000)	*As a % of PTNI*	*As a % of Total Contributions*	*1982 (000)*	*As a % of PTNI*	*As a % of Total Contributions*	*% Change 1982-83*
Total Worldwide PTNI	$133,303,866[1]			$116,498,559			14.43
Total Contributions	$1,090,517	0.82	100.00	$968,768	0.83	100.00	12.57
Health and Human Services	310,664	0.23	28.49	279,718	0.24	28.87	11.06
Education	431,653	0.32	39.58	409,739	0.35	42.30	5.35
Culture and Art	124,662	0.09	11.43	113,482	0.10	11.71	9.85
Civic and Community	160,543	0.12	14.72	112,965	0.10	11.66	42.12
Other	62,995	0.05	5.78	52,864	0.05	5.46	19.16

[1]Companies reporting an income loss in either year have been excluded.

Table 7: Total Contributions and Educational Support in Relation to "Worldwide" Pretax Net Income and Assets

	1983 471 companies (000 omitted)	*1982 513 companies (000 omitted)*	*1981 712 companies (000 omitted)*	*1980 659 companies (000 omitted)*	*1979 730 companies (000 omitted)*
Total Contributions	$ 1,329,633	$ 1,255,464	$ 1,116,261	$ 959,249	$ 805,521
Support of Education	518,713	511,725	407,270	362,494	303,875
Pretax Net Income	152,832,000	134,746,000	165,277,000	164,735,000	159,841,000
Total Assets	2,852,949,000	2,921,421,000	2,959,364,000	2,642,819,000	2,352,594,000
Total Contributions as a Percentage of:					
Pretax Net Income	0.870	0.932	0.675	0.582	0.503
Total Assets	0.047	0.043	0.038	0.036	0.034
Support of Education as a Percentage of:					
Pretax Net Income	0.339	0.380	0.246	0.220	0.190
Total Assets	0.018	0.018	0.014	0.014	0.013
Support of Education as a Percentage of:					
Total Contributions	39.0	40.8	36.4	37.8	37.7

Table 8: Total Contributions and Educational Support in Relation to "U.S. Only" Pretax Net Income and Assets

	1983 368 companies (000 omitted)	*1982 383 companies (000 omitted)*	*1981 525 companies (000 omitted)*	*1980 477 companies (000 omitted)*	*1979 543 companies (000 omitted)*
Total Contributions	$ 1,011,374	$ 918,595	$ 681,494	$ 532,260	$ 498,063
Support of Education	405,969	358,383	235,115	192,482	188,832
Pretax Net Income	89,035,000	79,334,000	81,833,000	65,963,000	74,711,000
Total Assets	1,600,112,000	1,637,241,000	1,552,140,000	1,190,370,000	1,218,375,000
Total Contributions as a Percentage of:					
Pretax Net Income	1.136	1.158	0.833	0.807	0.667
Total Assets	0.063	0.056	0.044	0.045	0.041
Support of Education as a Percentage of:					
Pretax Net Income	0.456	0.452	0.287	0.292	0.253
Total Assets	0.025	0.022	0.015	0.016	0.015
Support of Education as a Percentage of:					
Total Contributions	40.1	39.0	34.5	36.2	37.9

Table 9: Summary of Corporate Assistance Expenditures[1]

Description	Number of Companies Reporting	Sum ($ Thousands)	Median
Cash Disbursements to 501(C) (3) Organizations Not Reported as Charitable Contributions	134	$ 67,161	$ 59,485
Loan of Company Personnel	63	23,603	70,000
Donations of Product and Property Not Reported as Charitable Contributions	72	36,523	27,008
Use of Corporate Facilities or Services	60	6,409	8,005
Loans at Below Market Yields	17	3,958	21,000
Administrative Cost for Contributions Function	130	30,293	69,011
Total	208	167,947	102,002

[1]Corporate Assistance expenditures go to charitable and other groups in order to promote social well being. These expenditures are not taken by companies as a charitable deduction. The data were collected for the first time in 1982. (See Table 12, footnote 1.)

Table 10A: Contributions as a Percent of U.S. Pretax Net Income, 1983
Companies Grouped by Industry Class[1]

Industrial Classification	Number of Companies	U.S. Pretax Net Income (Sum) ($ Millions)	Contributions (Sum) ($ Thousands)	U.S. Pretax Net Income (Median) ($ Thousands)	Contributions (Median) ($ Thousands)	Percent of Contributions to U.S. Pretax Net Income (Median)
Chemicals	25	$ 6,892	$ 148,450	$102,500	$1,907	1.65%
Electrical machinery and equipment	28	12,120	161,001	102,332	1,180	1.19
Fabricated metal products	10	1,796	5,329	37,639	259	1.09
Food, beverage and tobacco	25	7,443	84,696	172,309	1,642	0.94
Machinery, nonelectrical	11	736	9,109	79,961	857	1.25
Mining	1	31	237	*	*	*
Paper and like products	12	874	18,936	56,816	734	1.01
Petroleum and gas	15	16,331	222,107	841,000	1,230	1.50
Pharmaceuticals	9	2,354	30,348	214,600	1,780	1.21
Primary metal industries	6	376	12,410	*	*	*
Printing and publishing	7	1,321	13,119	*	*	*
Rubber and miscellaneous plastic products	6	800	5,888	*	*	*
Stone, clay and glass products	7	687	7,127	*	*	*
Textiles	9	678	9,878	28,422	345	1.81
Transportation equipment	9	9,197	82,168	475,000	6,361	1.05
Total: Manufacturing	180	61,636	810,803	95,268	1,042	1.24
Banking	45	2,819	44,600	23,226	399	1.61
Business services	6	829	7,516	*	*	*
Engineering and construction	2	75	1,092	*	*	*
Finance	4	489	10,460	*	*	*
Insurance[2]	41	2,295	51,887	40,594	505	1.77
Retail and wholesale trade	12	3,106	44,510	56,383	822	1.30
Telecommunications	19	11,671	86,914	457,000	2,342	0.50
Transportation	7	1,914	12,720	*	*	*
Utilities	52	15,021	41,868	151,442	572	0.29
Total: Nonmanufacturing	188	38,219	301,567	64,174	607	0.99
Total: All Companies	368	99,855	1,112,370	79,831	796	1.12

[1]Loss companies excluded.

[2]Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

*Industries with less than 8 cases are excluded.

Table 10B: Contributions as a Percent of Worldwide Pretax Net Income, 1983
Companies Grouped by Industry Class[1]

Industrial Classification	Number of Companies	Worldwide Pretax Net Income (Sum) ($ Millions)	Contributions (Sum) ($ Thousands)	Worldwide Pretax Net Income (Median) ($ Thousands)	Contributions (Median) ($ Thousands)	Percent of Contributions to Worldwide Pretax Net Income (Median)
Chemicals	29	$ 12,235	$ 157,765	$ 166,638	$2,065	1.25%
Electrical machinery and equipment	34	18,790	176,381	108,641	1,180	1.02
Fabricated metal products	10	1,887	5,329	54,690	259	0.90
Food, beverage and tobacco	28	10,681	94,694	266,153	1,990	0.88
Machinery, nonelectrical	15	1,022	11,103	58,782	736	1.25
Mining	1	48	237	*	*	*
Paper and like products	16	1,336	22,137	72,573	793	0.90
Petroleum and gas	20	40,305	257,509	1,491,742	8,670	0.55
Pharmaceuticals	16	4,913	56,928	167,728	1,309	0.96
Primary metal industries	7	429	12,598	*	*	*
Printing and publishing	11	1,894	20,839	200,768	1,287	0.96
Rubber and miscellaneous plastic products	8	1,140	7,702	93,377	694	0.67
Stone, clay and glass products	9	921	13,324	71,873	668	0.97
Textiles	11	889	11,438	50,193	373	1.38
Transportation equipment	13	12,100	88,441	461,800	2,900	0.69
Total: Manufacturing	228	108,590	936,425	118,092	1,068	0.96
Banking	53	7,224	71,680	29,288	530	1.42
Business services	9	1,344	9,339	165,400	800	0.77
Engineering and construction	2	99	1,092	*	*	*
Finance	6	1,414	17,426	*	*	*
Insurance[2]	46	3,189	61,991	41,499	532	1.74
Retail and wholesale trade	16	4,201	56,187	83,181	839	1.01
Telecommunications	19	12,202	86,915	541,800	2,342	0.50
Transportation	9	1,998	13,069	59,554	563	0.79
Utilities	56	16,687	48,186	183,711	611	0.30
Total: Nonmanufacturing	216	48,358	365,885	82,720	702	0.92
Total: All Companies	444	156,948	1,302,310	98,182	869	0.94

[1]Loss companies excluded.

[2]Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

*Industries with less than 8 cases are excluded.

Table 11: Charitable Contributions of 75 Largest Donors as a Percent of U.S. and Worldwide Pretax Net Income, 1983

Company Rank	Contributions[1] (dollars)	U.S. Pretax Net Income[2] ($ Thousands)	Contributions as Percent of U.S. Pretax Net Income	Worldwide Pretax Net Income[2] ($ Thousands)	Contributions as Percent of Worldwide Pretax Net Income
1	$63,356,647	$ 8,900,000	0.71%	$ 8,900,000	0.71%
2	59,047,000	6,100,000	0.97	9,900,000	0.59
3	52,264,000	3,100,000	1.72	9,700,000	0.54
4	46,377,606	2,500,000	1.83	2,700,000	1.74
5	40,100,000	5,300,000	0.76	6,000,000	0.67
6	35,400,000	900,000	3.96	3,400,000	1.04
7	31,174,819	800,000	3.80	1,100,000	2.80
8	27,008,603	1,200,000	2.17	2,900,000	0.92

[1]Direct giving and company foundation pay-outs included; grants made to and retained by company foundations are excluded.

[2]Domestic and worldwide pretax income rounded, percentages actual.

Table 11: Charitable Contributions of 75 Largest Donors as a Percent of U.S. and Worldwide Pretax Net Income, 1983 (continued)

Company Rank	Contributions[1] (dollars)	U.S. Pretax Income[2] ($ Thousands)	Contributions as Percent of U.S. Pretax Net Income	Worldwide Pretax Net Income[2] ($ Thousands)	Contributions as Percent of Worldwide Pretax Net Income
9	25,783,403	2,400,000	1.09	3,000,000	0.86
10	22,424,300	1,200,000	1.85	1,500,000	1.52
11	19,972,386	1,800,000	1.09	3,400,000	0.59
12	18,200,000	n.a.	n.a.	700,000	2.51
13	17,905,010	1,800,000	0.98	1,900,000	0.95
14	17,551,972	1,200,000	1.50	4,400,000	0.39
15	16,490,002	2,700,000	0.62	2,700,000	0.62
16	15,948,620	n.a.	n.a.	2,800,000	0.56
17	15,086,265	600,000	2.34	700,000	2.07
18	13,679,481	1,000,000	1.36	1,000,000	1.34
19	13,098,659	500,000	2.93	500,000	2.93
20	13,015,437	800,000	1.55	2,300,000	0.57
21	12,825,000	1,400,000	0.92	1,600,000	0.83
22	12,300,000	600,000	2.07	800,000	1.47
23	11,618,750	1,500,000	0.79	1,600,000	0.73
24	10,702,580	50,000	21.93	400,000	2.70
25	10,512,401	n.a.	n.a.	*	*
26	10,361,754	1,500,000	0.70	1,600,000	0.65
27	10,333,863	300,000	3.58	400,000	2.51
28	10,038,000	600,000	1.67	900,000	1.17
29	9,727,099	n.a.	n.a.	500,000	1.93
30	9,711,251	400,000	2.32	600,000	1.70
31	9,602,432	1,500,000	0.63	1,900,000	0.51
32	9,300,000	100,000	6.94	500,000	1.98
33	9,179,580	n.a.	n.a.	2,400,000	0.39
34	9,055,875	100,000	6.16	200,000	5.85
35	9,018,500	200,000	3.94	400,000	2.24
36	8,998,000	500,000	1.97	900,000	1.05
37	8,946,746	300,000	3.09	300,000	3.02
38	8,200,000	n.a.	n.a.	800,000	1.04
39	8,160,000	n.a.	n.a.	2,000,000	0.43
40	8,098,297	200,000	3.52	200,000	3.52
41	7,818,214	300,000	3.00	300,000	3.00
42	7,680,000	500,000	1.58	700,000	1.11
43	7,616,572	600,000	1.21	800,000	1.01
44	7,460,000	600,000	1.15	1,600,000	0.46
45	7,372,113	n.a.	n.a.	500,000	1.63
46	7,339,745	200,000	3.09	300,000	2.80
47	7,308,357	200,000	4.49	300,000	2.32
48	7,287,951	400,000	1.98	400,000	1.78
49	7,203,000	600,000	1.15	700,000	1.04
50	7,176,383	500,000	1.39	600,000	1.25
51	7,102,000	400,000	1.97	400,000	1.81
52	6,894,500	n.a.	n.a.	500,000	1.29
53	6,888,966	500,000	1.37	700,000	1.00
54	6,788,840	300,000	1.84	1,100,000	0.61
55	6,648,657	400,000	1.58	1,000,000	0.67
56	6,496,238	800,000	0.83	1,000,000	0.62
57	6,360,807	300,000	2.29	400,000	1.74
58	6,171,390	*	*	n.a.	n.a.
59	5,953,675	n.a.	n.a.	700,000	0.86
60	5,806,991	n.a.	n.a.	400,000	1.61
61	5,454,373	900,000	0.64	1,100,000	0.51
62	5,397,500	700,000	0.79	700,000	0.79

[1]Direct giving and company foundation pay-outs included; grants made to and retained by company foundations are excluded.

[2]Domestic and worldwide pretax income rounded, percentages actual.

*Company showed loss.

n.a. = Not available.

Table 11: Charitable Contributions of 75 Largest Donors as a Percent of U.S. and Worldwide Pretax Net Income, 1983 (continued)

Company Rank	Contributions[1] (dollars)	U.S. Pretax Income[2] ($ Thousands)	Contributions as Percent of U.S. Pretax Net Income	Worldwide Pretax Net Income[2] ($ Thousands)	Contributions as Percent of Worldwide Pretax Net Income
63	5,318,226	n.a.	n.a.	n.a.	n.a.
64	5,264,830	400,000	1.46	500,000	1.01
65	5,215,150	300,000	1.68	400,000	1.38
66	5,200,585	40,000	14.02	200,000	2.30
67	5,200,000	200,000	2.82	400,000	1.33
68	5,166,351	600,000	0.84	600,000	0.84
69	5,111,587	300,000	1.90	300,000	1.83
70	4,999,300	500,000	1.05	500,000	1.05
71	4,938,364	n.a.	n.a.	300,000	1.63
72	4,937,799	400,000	1.23	400,000	1.16
73	4,746,436	200,000	2.97	700,000	0.73
74	4,742,140	n.a.	n.a.	500,000	0.92
75	4,499,590	100,000	8.16	100,000	8.16

[1]Direct giving and company foundation pay-outs included; grants made to and retained by company foundations are excluded.

[2]Domestic and worldwide pretax income rounded, percentages actual.

n.a. = Not available.

Table 12: Corporate Social Expenditure of 75 Largest Donors as a Percent of Domestic and Worldwide Pretax Net Income, 1983

Company Rank	Total Corporate Social Expenditure[1]	Corporate Social Expenditure As A Percent of U.S. Pretax Income	Corporate Social Expenditure As A Percent of Worldwide Pretax Income	Rank for Charitable[2] Cash Only	Rank for Corporate Assistance[3] Only
1	$82,547,000	1.35	0.83	1	1
2	67,234,487	9.97	9.97	5	12
3	58,377,337	1.92	0.60	2	5
4	56,827,298	2.24	2.13	3	4
5	40,100,000	0.76	0.67	4	n.a.
6	36,300,000	4.06	1.06	9	40
7	31,174,819	3.80	2.80	46	322
8	28,624,732	2.44	0.64	11	3
9	28,296,263	2.28	0.97	8	30
10	25,783,403	1.09	0.86	6	n.a.
11	23,478,863	8.14	5.71	86	2
12	23,061,386	1.25	0.68	12	15
13	22,424,300	1.85	1.52	7	n.a.
14	21,239,155	n.a.	0.75	14	6
15	18,229,410	2.17	0.86	49	8
16	18,200,000	n.a.	2.51	29	n.a.
17	17,905,010	0.98	0.95	10	n.a.
18	16,490,002	0.62	0.62	13	n.a.
19	15,296,265	2.38	2.10	61	84
20	15,292,203	1.04	0.96	22	9
21	13,700,000	2.31	1.64	18	26
22	13,679,481	1.36	1.34	15	n.a.
23	13,653,552	3.05	3.05	16	55
24	12,963,750	0.89	0.81	19	29
25	12,944,854	26.53	3.27	20	18

[1]Corporate Social Expenditure is the sum of charitable contributions and related corporate assistance expenditures. The latter was collected for the first time in 1982. Many corporations have not yet begun to track corporate assistance expenditures or are only able to provide rough estimates. These data are a useful beginning and suggest an order of magnitude. However they should be used with caution. It will take several years of refinement to bring precision to this measurement effort.

[2]Charitable contributions consist of cash, company product and other property (i.e., land, securities, etc.). This figure reflects only the cash portion of charitable giving. Total charitable contributions appear in Table 11.

[3]Corporate assistance expenditures are not taken by a company as a charitable deduction. The six elements that define corporate assistance for this survey are listed in Table 9.

n.a. = Not available.

Table 12: Corporate Social Expenditure of 75 Largest Donors as a Percent of Domestic and Worldwide Pretax Net Income, 1983 (continued)

Company Rank	Total Corporate Social Expenditure[1]	Corporate Social Expenditure As A Percent of U.S. Pretax Income	Corporate Social Expenditure As A Percent of Worldwide Pretax Income	Rank for Charitable[2] Cash Only	Rank for Corporate Assistance[3] Only
26	12,855,391	n.a.	2.55	24	14
27	12,825,000	0.92	0.83	17	n.a.
28	11,230,705	4.73	4.28	38	11
29	11,224,942	0.85	0.85	23	28
30	11,096,795	0.73	0.59	26	25
31	10,793,000	1.80	1.26	25	45
32	10,512,401	n.a.	*	21	n.a.
33	10,304,251	2.46	1.81	32	53
34	10,103,414	6.88	6.52	31	32
35	9,300,000	6.94	1.98	27	n.a.
36	9,179,580	n.a.	0.39	28	n.a.
37	9,088,297	3.95	3.95	35	36
38	9,018,500	3.94	2.24	45	n.a.
39	8,999,030	1.97	1.05	30	208
40	8,946,746	3.09	3.02	480	n.a.
41	8,693,350	n.a.	0.45	33	56
42	8,327,659	15.11	15.11	63	13
43	8,200,000	n.a.	1.04	34	n.a.
44	8,196,403	n.a.	1.81	37	43
45	7,846,877	n.a.	1.14	50	21
46	7,827,100	2.13	0.71	41	33
47	7,818,214	3.00	3.00	83	n.a.
48	7,768,000	1.20	0.48	36	72
49	7,680,000	1.58	1.11	52	n.a.
50	7,634,899	1.21	1.01	58	162
51	7,308,357	4.49	2.32	499	n.a.
52	7,287,951	1.98	1.78	42	n.a.
53	7,203,000	1.15	1.04	39	n.a.
54	7,198,004	0.47	0.47	40	n.a.
55	7,176,383	1.39	1.25	109	n.a.
56	7,102,000	1.97	1.81	462	n.a.
57	7,058,146	1.98	1.25	448	10
58	6,925,238	0.89	0.67	47	63
59	6,894,500	n.a.	1.29	498	n.a.
60	6,886,966	1.37	1.00	44	n.a.
61	6,777,799	1.61	0.68	43	100
62	6,737,611	2.17	1.79	456	24
63	6,423,766	*	1544.17	48	78
64	6,376,368	2.30	1.75	485	170
65	5,876,991	n.a.	1.63	51	124
66	5,865,000	0.54	0.54	463	38
67	5,695,170	2.24	2.24	287	7
68	5,454,373	0.64	0.51	64	n.a.
69	5,397,500	0.79	0.79	53	n.a.
70	5,318,226	n.a.	n.a.	62	n.a.
71	5,264,830	1.46	1.01	476	n.a.
72	5,202,300	1.10	1.10	57	86
73	5,200,585	14.02	2.30	203	n.a.
74	5,200,000	2.82	1.33	54	n.a.
75	5,166,351	0.84	0.84	55	n.a.

[1]Corporate Social Expenditure is the sum of charitable contributions and related corporate assistance expenditures. The latter was collected for the first time in 1982. Many corporations have not yet begun to track corporate assistance expenditures or are only able to provide rough estimates. These data are a useful beginning and suggest an order of magnitude. However they should be used with caution. It will take several years of refinement to bring precision to this measurement effort.

[2]Charitable contributions consist of cash, company product and other property (i.e., land, securities, etc.). This figure reflects only the cash portion of charitable giving. Total charitable contributions appear in Table 11.

[3]Corporate assistance expenditures are not taken by a company as a charitable deduction. The six elements that define corporate assistance for this survey are listed in Table 9.

*Company showed loss.

n.a. = Not available.

Table 13A: Contributions as a Percent of U.S. Pretax Net Income—Quartile Rank, 1983
Companies Grouped by Industry Class (with at least ten cases in each)

Industrial Classification	Number of Companies	Contributions Ratios[1]		
		Lower Quartile	Median	Upper Quartile[2]
Chemicals	25	1.34%	1.65%	2.68%
Electrical machinery and equipment	28	0.71	1.19	3.23
Fabricated metal products	10	0.96	1.09	1.69
Food, beverage and tobacco	25	0.71	0.94	1.91
Machinery, nonelectrical	11	0.35	1.25	12.41
Paper and like products	12	0.51	1.01	2.82
Petroleum and gas	15	0.83	1.50	1.83
Banking	45	1.10	1.61	2.74
Insurance	41	1.02	1.77	2.95
Retail and wholesale trade	12	0.79	1.30	2.91
Telecommunications	19	0.33	0.50	0.62
Utilities	52	0.19	0.29	0.52

[1]The statistics presented here are derived only from companies with positive net income.
[2]This is the 75th percentile.

Table 13B: Contributions as a Percent of Worldwide Pretax Net Income—Quartile Rank, 1983
Companies Grouped by Industry Class (with at least ten cases in each)

Industrial Classification	Number of Companies	Contributions Ratios[1]		
		Lower Quartile	Median	Upper Quartile[2]
Chemicals	29	0.82%	1.25%	1.66%
Electrical machinery and equipment	34	0.68	1.02	2.00
Fabricated metal products	10	0.77	0.90	1.54
Food, beverage and tobacco	28	0.59	0.88	1.62
Machinery, nonelectrical	15	0.77	1.25	2.72
Paper and like products	16	0.68	0.90	1.70
Petroleum and gas	20	0.40	0.55	0.68
Pharmaceuticals	16	0.65	0.96	1.11
Printing and publishing	11	0.62	0.96	1.14
Textiles	11	0.67	1.38	1.99
Transportation equipment	13	0.54	0.69	1.43
Banking	53	0.95	1.42	2.27
Insurance	46	0.97	1.74	2.89
Retail and wholesale trade	16	0.79	1.01	2.84
Telecommunications	19	0.33	0.50	0.62
Utilities	56	0.19	0.30	0.50

[1]The statistics presented here are derived only from companies with positive net income.
[2]This is the 75th percentile.

Table 14A: Contributions as a Percent of U.S. Pretax Net Income—Quartile Rank, 1982
Companies Grouped by Size of U.S. Income

U.S. Pretax Net Income	*Number of Companies*	*Contributions' Ratios*[1]		
		Lower Quartile	*Median*	*Upper Quartile*[2]
Below $5 million	11	3.71%	5.58%	41.16%
$5-9.9 million	19	1.90	2.28	3.50
$10-24.9 million	52	0.91	1.62	2.86
$25-49.9 million	51	0.91	1.33	2.03
$50-99.9 million	73	0.49	0.96	1.60
$100-249.9 million	58	0.48	0.83	1.67
$250-499.9 million	52	0.37	0.85	1.58
$500-999.9 million	28	0.33	0.81	1.51
$1 billion and over	24	0.46	0.78	1.29
All Income Groups	**368**	**0.63**	**1.12**	**1.97**

[1]The statistics presented here are derived only from companies with positive net income.
[2]This is the 75th percentile.

Table 14B: Contributions as a Percent of Worldwide Pretax Net Income—Quartile Rank, 1983
Companies Grouped by Size of Worldwide Income

Worldwide Pretax Net Income	*Number of Companies*	*Contributions' Ratios*[1]		
		Lower Quartile	*Median*	*Upper Quartile*[2]
Below $5 million	12	4.04%	8.46%	57.91%
$5-9.9 million	19	1.90	2.72	3.50
$10-24.9 million	58	0.91	1.62	2.52
$25-49.9 million	49	0.70	0.98	1.68
$50-99.9 million	85	0.48	0.95	1.48
$100-249.9 million	81	0.49	0.80	1.26
$250-499.9 million	64	0.36	0.72	1.61
$500-999.9 million	42	0.32	0.76	1.06
$1 billion and over	34	0.45	0.59	0.84
All Income Groups	**444**	**0.52**	**0.94**	**1.65**

[1]The statistics presented here are derived only from companies with positive net income.
[2]This is the 75th percentile.

Table 15A: Contributions as a Percent of U.S. Pretax Net Income—Quartile Rank, 1983
Companies Grouped by Size of U.S. Assets

Assets	Number of Companies	Contributions' Ratios[1]		
		Lower Quartile	Median	Upper Quartile[2]
Below $100 million	6	0.84%	2.85%	6.35%
$100-199 million	20	0.72	1.68	3.43
$200-299 million	17	0.77	1.28	2.35
$300-499 million	31	0.55	1.08	1.78
$500-999 million	48	0.50	0.81	1.48
$1-1.9 billion	63	0.70	1.25	1.77
$2-2.9 billion	42	0.45	1.19	2.17
$3-3.9 billion	24	0.68	1.39	2.99
$4-4.9 billion	11	0.27	0.79	1.00
$5-9.9 billion	47	0.34	1.36	1.85
$10 billion and over	36	0.62	1.07	2.08
All Asset Groups	**345**	**0.61**	**1.10**	**1.97**

[1]The statistics presented here are derived only from companies with positive net income.
[2]This is the 75th percentile.

Table 15B: Contributions as a Percent of Worldwide Pretax Net Income—Quartile Rank, 1983
Companies Grouped by Size of Worldwide Assets

Assets	Number of Companies	Contributions' Ratios[1]		
		Lower Quartile	Median	Upper Quartile[2]
Below $100 million	6	0.89%	2.85%	6.35%
$100-199 million	23	0.71	1.07	2.72
$200-299 million	24	0.70	0.98	2.24
$300-499 million	36	0.65	0.94	1.53
$500-999 million	57	0.49	0.84	1.42
$1-1.9 billion	71	0.50	0.91	1.61
$2-2.9 billion	51	0.49	1.02	1.90
$3-3.9 billion	32	0.52	0.97	1.74
$4-4.9 billion	23	0.46	1.00	1.88
$5-9.9 billion	61	0.32	1.04	1.63
$10 billion and over	59	0.57	0.82	1.47
All Asset Groups	**443**	**0.52**	**0.95**	**1.65**

[1]The statistics presented here are derived only from companies with positive net income.
[2]This is the 75th percentile.